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The Ontario Jockey Club

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ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1976

THE ONTARIO JOCKEY CLUB Toronto, Ontario

Trustees	†H. C. ARMSTRONG	- - - - -	Brampton, Ontario
	J. ELGIN ARMSTRONG	- - - - -	Brampton, Ontario
	†*CHARLES BAKER	- - - - -	King, Ontario
	DOUGLAS BANKS	- - - - -	Don Mills, Ontario
	†*C. F. W. BURNS	- - - - -	King, Ontario
	H. J. CARMICHAEL	- - - - -	Toronto, Ontario
	C. R. DIEBOLD	- - - - -	Buffalo, N.Y.
	D. G. FORMAN	- - - - -	Williamsville, N.Y.
	†*G. C. FROSTAD	- - - - -	Burlington, Ontario
	†*GEORGE R. GARDINER	- - - - -	Toronto, Ontario
	W. PRESTON GILBRIDE	- - - - -	Toronto, Ontario
	THE RIGHT HONOURABLE VISCOUNT HARDINGE	- - -	Montreal, P.Q.
	†‡GEORGE C. HENDRIE	- - - - -	Toronto, Ontario
	JOHN H. KENNEY	- - - - -	Toronto, Ontario
	J.-L. LÉVESQUE	- - - - -	Montreal, P.Q.
	J. A. McDOUGALD	- - - - -	Willowdale, Ontario
	F. M. McMAHON	- - - - -	Bermuda
	JOHN J. MOONEY	- - - - -	Kleinberg, Ontario
	WARD C. PITFIELD	- - - - -	Toronto, Ontario
	M. D. RICHARDSON	- - - - -	Aurora, Ontario
	WOLFGANG von RICHTHOFEN	- - - - -	Campbellville, Ontario
	†J. E. FROWDE SEAGRAM	- - - - -	Waterloo, Ontario
	F. H. SHERMAN	- - - - -	Hamilton, Ontario
	CONN SMYTHE	- - - - -	Toronto, Ontario
	C. P. B. TAYLOR	- - - - -	Toronto, Ontario
	†§E. P. TAYLOR	- - - - -	Bahama Islands
	†D. G. WILLMOT	- - - - -	King, Ontario

†Chairman of Executive Committee

§Chairman of Finance and Audit Committee and Honorary Chairman of the Board

† Executive Committee

‡Honorary President

*Finance and Audit Committee

Officers	CHARLES BAKER	- - - - -	Chairman of the Board
	JOHN H. KENNEY	- - - - -	President
	J. E. FROWDE SEAGRAM	- - - - -	Vice-President
	GEORGE R. GARDINER	- - - - -	Vice-President
	ROBERT D. MIDGLEY	- - -	Vice-President, Secretary and General Counsel
	ROLAND B. ROBERTS	- - - - -	Vice-President-Finance and Treasurer
	ERWIN F. KLUGMAN	- - - - -	Vice-President and General Manager

Solicitors	FISHER & HOLNESS	- - - - -	Toronto, Ontario
	FRASER & BEATTY	- - - - -	Toronto, Ontario

Auditors	CLARKSON, GORDON & CO.	- - - - -	Toronto, Ontario
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Trustee for First Mortgage Bonds	NATIONAL TRUST COMPANY, LIMITED		Toronto, Montreal, Winnipeg and Vancouver
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Trustee for 10% Secured Debentures	MONTREAL TRUST COMPANY		Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver
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ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Trustees of The Ontario Jockey Club present herewith the Corporation's consolidated balance sheet as at December 31, 1976 and the consolidated statement of revenue, expenses, appropriation and purses for the year ended on that date.

The excess of revenue over expenses and appropriation was \$16,926,765, as compared with \$15,795,807 in 1975. Revenues and expenses, not including financial expenses, appropriation and purses, increased from the previous year by 7.4% and 6.8%, respectively.

The Corporation, in accordance with the practice which it has followed since becoming a corporation without share capital, paid out substantially all of the excess of revenue over expenses and appropriation, namely, \$16,922,748 in the form of purses and supplemental purse distributions. Effective January 1, 1977 a new arrangement has been made under which purse distributions will be based entirely on a percentage of wagering revenue.

In 1976, additional purse moneys were distributed by way of grants forming part of the Ontario Government's race tracks tax sharing arrangement which provides for the allocation of one-seventh of the Government's revenue from the tax on pari-mutuel wagering. Such revenue amounted to \$40,219,106 in 1976, of which \$23,682,233 was in respect of races conducted at the Corporation's race tracks. Under the arrangement, the Corporation distributed, on behalf of the Provincial Government, purse grants aggregating \$2,546,352 in 1976. A further \$543,294 was paid by the Provincial Government, through the Ontario Racing Commission, directly to the owners of horses participating at the Corporation's harness raceways in races forming part of the Ontario Sire Stakes Program.

Admission and program prices were increased in 1976 and there was a significant realignment of racing dates, both of which factors, as anticipated, contributed to improved operating results. However, notwithstanding the fact that revenues in 1976 increased at a higher rate than operating costs, the Trustees continue to be concerned about the inability of racing associations to offset rising, uncontrollable costs, to the same extent as most other businesses, simply through price increases. As pointed out in the previous year's Annual Report, the commission on pari-mutuel wagering, which provides approximately 70% of the Corporation's total revenue, is fixed by federal statute.

It is a matter of additional concern that, despite the realignment of racing dates, average daily attendance at the Corporation's harness race meetings decreased by 6.1% in 1976, while average daily attendance at the Corporation's thoroughbred race meetings during the same period increased by only 1.9%. Principal factors contributing to this result are considered to be adverse weather, general economic conditions and, in the case of standardbred racing, the proliferation of raceways and racing dates in the Province during the past few years.

In light of the foregoing, it is imperative to continue the more effective utilization of the Corporation's assets. Accordingly, further substantial changes in the Corporation's thoroughbred and harness racing date patterns have been implemented in 1977.

Thoroughbred racing	1977	1976	Harness racing	1977	1976
Woodbine - - - - -	112	95	Greenwood - - - - -	146	125
Greenwood - - - - -	69	74	Mohawk - - - - -	121	83
Fort Erie - - - - -	50	40	Garden City - - - - -		61
	<u>231</u>	<u>209</u>		<u>267</u>	<u>269</u>

The Trustees will be monitoring closely the impact of the new racing dates and, specifically, the effect of increased standardbred racing at Mohawk and Greenwood, the overlap in May and July of thoroughbred operations at Woodbine and standardbred operations at Greenwood, and the concurrent thoroughbred operations at Woodbine and Fort Erie during June and July.

Racing will not be conducted at Garden City Raceway in 1977 and no final decision has yet been made as to the future of this raceway.

During 1977, a completely new totalisator system will be introduced at the Corporation's race tracks. The system will be the most modern in North America and the Trustees believe that the racing public will respond enthusiastically to the added convenience in the selling and cashing of pari-mutuel tickets.

The estimated cost of the Corporation's current capital expenditure program is \$2,350,000. The major items in this program are \$730,000 for installation costs required to be paid by the Corporation under its totalisator service contract with Canadian Totalisator Company and \$647,000 for the first phase of necessary turf course renovation at Woodbine. The turf course renovation may, for technical reasons, be deferred to 1978. The balance of the capital expenditure program involves other improvements to race track properties.

The Trustees feel that the revised racing date schedule will help to produce satisfactory results from 1977 operations but continue to believe that it is only through a broadening of the economic base of horse racing that the industry's fundamental economic difficulties can be resolved. Thus, the Corporation continues to urge the introduction by the Federal Government of permissive legislation which would allow any province, wishing to do so, to implement a properly supervised system of off-track betting.

During the year, the Corporation issued \$6,000,000 principal amount of First Mortgage Sinking Fund Bonds, Series G, due December 1, 1989, bearing interest at the rate of 11½%. Out of the proceeds of this issue, the sum of \$2,000,000 was applied against the Corporation's term bank loan and the balance of \$4,000,000 was applied towards capital expenditures, including the recent expansion of Mohawk Raceway.

Toronto, April 25, 1977

On behalf of the Board of Trustees,
CHARLES BAKER, *Chairman.*

THE ONTARIO JOCKEY CLUB

(a corporation without share capital incorporated under the laws of Ontario)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1976

(with comparative figures at December 31, 1975)

Assets

FIXED ASSETS, at cost:

	1976	1975
Buildings and equipment - - - - -	\$42,270,639	\$35,642,327
Less accumulated depreciation - - - - -	4,494,150	3,379,857
	37,776,489	32,262,470
Land and land improvements - - - - -	26,070,787	25,959,633
	63,847,276	58,222,103

OTHER ASSETS:

Cash and short-term investments - - - - -	2,403,312	5,947,556
Accounts receivable - - - - -	297,535	375,677
Net purse overpayment - - - - -		123,149
Prepaid expenses - - - - -	460,342	542,370
	3,161,189	6,988,752
	<u>\$67,008,465</u>	<u>\$65,210,855</u>

Liabilities

SURPLUS - - - - -	\$ 78,693	\$ 74,676
APPROPRIATION - - - - -	850,000	650,000

LONG-TERM DEBT:

First mortgage bonds - - - - -	16,329,000	10,738,000
Term bank loan - - - - -	7,000,000	10,000,000
Secured Debentures - - - - -	36,022,704	36,022,704
	59,351,704	56,760,704

OTHER LIABILITIES:

Current bank indebtedness - - - - -		2,400,000
Accounts payable and accrued charges - - - - -	4,016,617	3,230,475
Purses payable - - - - -	569,451	
Accrued bond and debenture interest - - - - -	2,142,000	2,095,000
	6,728,068	7,725,475
	<u>\$67,008,465</u>	<u>\$65,210,855</u>

The above consolidated balance sheet of The Ontario Jockey Club and its subsidiary companies, appropriation and purses for the year then ended have been prepared from audited financial statements will be furnished to holders of First Mortgage Bonds to the Secretary of the Corporation, P.O. Box 156, Rexdale, Ontario, M9W 5L2.

THE ONTARIO JOCKEY CLUB

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES, APPROPRIATION AND PURSES

for the year ended December 31, 1976

(with comparative figures for the year ended December 31, 1975)

	1976	1975
Revenue:		
Commission on pari-mutuel wagering- - - - -	\$36,862,738	\$35,167,151
Admissions (not including taxes collected) - - - - -	6,669,603	5,280,820
Food and beverage - - - - -	6,752,852	6,295,148
Programs, parking and other - - - - -	2,567,591	2,480,371
Total - - - - -	52,852,784	49,223,490
Expenses:		
Operating expenses—		
Pari-mutuel expenses - - - - -	7,508,132	6,769,371
Other operating expenses - - - - -	11,364,065	11,088,095
Maintenance expenses - - - - -	4,846,142	4,530,616
Property taxes - - - - -	2,595,380	2,257,202
Administrative expenses - - - - -	2,866,017	2,737,026
Depreciation - - - - -	1,141,444	1,003,267
Total - - - - -	30,321,180	28,385,577
Net operating revenue before financial expenses, appropriation and purses	22,531,604	20,837,913
Financial expenses:		
Interest and discount on long-term debt—		
First mortgage bonds - - - - -	933,557	915,984
Term bank loan - - - - -	1,042,322	709,495
Secured Debentures - - - - -	3,602,270	3,602,270
	5,578,149	5,227,749
Other interest (net)- - - - -	(173,310)	(235,643)
Total - - - - -	5,404,839	4,992,106
Net revenue before appropriation and purses - - - - -	17,126,765	15,845,807
Appropriation - - - - -	200,000	50,000
Excess of revenue over expenses and appropriation- - - - -	16,926,765 ✓	15,795,807 ✓
Purses:		
Percentage distribution - - - - -	16,422,748 ✓	15,643,251 ✓
Supplemental distribution - - - - -	500,000	150,000
	✓ 16,922,748	15,793,251
Excess of revenue over expenses, appropriation and purses - - - - -	\$ 4,017	\$ 2,556
Taxes on wagering and admissions collected for taxation authorities - -	\$28,574,319	\$27,119,132

companies at December 31, 1976 and the consolidated statement of revenue, the audited financial statements of the Corporation for that year. Copies of the 10% Secured Debentures of The Ontario Jockey Club on request for the same

THE ONTARIO JOCKEY CLUB

1977 RACING DATES

Thoroughbred Racing

Days

GREENWOOD	Monday, March 21 through Saturday, April 30 <i>No Sunday racing.</i>	36
WOODBINE	*Sunday, May 1 through Monday, August 1 <i>No Monday and Tuesday racing, except Mondays, May 23, June 20 and August 1.</i>	69
FORT ERIE	*Saturday, June 4 through Sunday, July 31 <i>Racing every Saturday (except June 25), Sunday and Monday, plus Friday July 1.</i>	26
	*Wednesday, August 3 through Saturday, September 3 <i>No Monday and Tuesday racing.</i>	24
WOODBINE	*Sunday, September 4 through Sunday, October 30 <i>No Monday and Tuesday racing, except Mondays, Sept. 5 and Oct. 10.</i>	43
GREENWOOD	Monday, October 31 through Wednesday, December 7 <i>No Sunday racing.</i>	33

*Racing every Sunday during Woodbine and Fort Erie race meetings.

Harness Racing

GREENWOOD RACEWAY	Saturday, January 1 through Saturday, March 19 <i>No Sunday and Tuesday racing, except Tuesdays, Feb. 22, March 1, 8 and 15.</i>	60
MOHAWK RACEWAY	*Sunday, March 20 through Sunday, May 1 <i>No Wednesday and Thursday racing.</i>	31
GREENWOOD RACEWAY	Monday, May 2 through Saturday, May 28..... <i>No Sunday and Wednesday racing.</i>	20
MOHAWK RACEWAY	*Sunday, May 29 through Saturday, July 2..... <i>No Wednesday and Thursday racing.</i>	25
GREENWOOD RACEWAY	Monday, July 4 through Saturday, September 3..... <i>No Sunday racing and no racing Wednesdays, July 6 and 13.</i>	52
MOHAWK RACEWAY	*Sunday, September 4 through Saturday, December 3..... <i>No Wednesday and Thursday racing.</i>	65
GREENWOOD RACEWAY	Friday, December 9 through Saturday, December 17..... <i>No Sunday racing.</i>	8
GREENWOOD RACEWAY	Monday, December 26 through Saturday, December 31.....	6

*Racing every Sunday during Mohawk race meetings.

Quarter Horse Racing

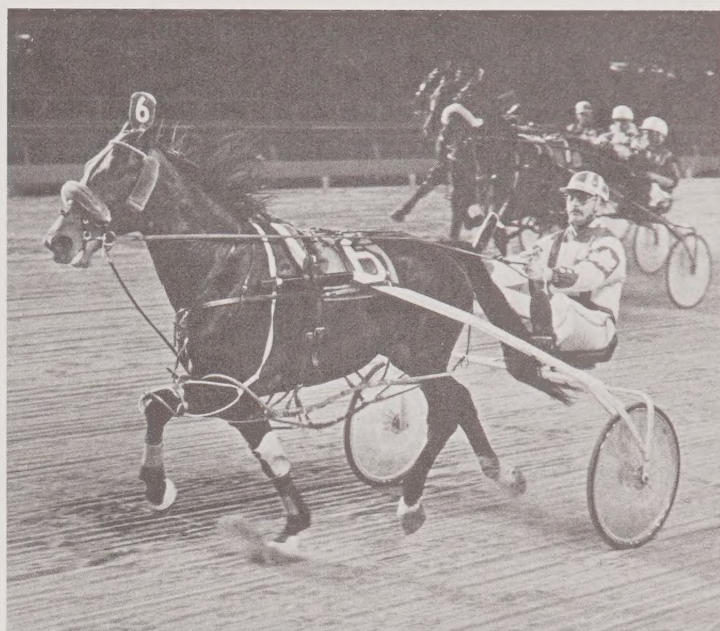
FORT ERIE	Fridays, June 10, 17, 24, July 8, 15, 22 and 29	7
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THE ONTARIO JOCKEY CLUB

RACING HIGHLIGHTS OF 1976



NORCLIFFE, Canada's Thoroughbred Horse of the Year, is shown being led to the winner's enclosure at Woodbine by owner Charles Baker and Mrs. Baker, following the colt's dramatic victory in the 117th running of the Queen's Plate Stakes. Jeff Fell, Canada's leading rider in 1976, is the jockey.



JADE PRINCE, owned by Ted Armstrong, here shows his winning form at Mohawk Raceway. This outstanding colt later established a world record time for the mile pace and was selected as North American champion two-year-old pacing colt and Canada's Harness Horse of the Year for 1976.



YOUTH, 1976 North American Grass Champion, owned by Nelson Bunker Hunt and ridden by Sandy Hawley, wins the Canadian International Championship Stakes at Woodbine.



SAVOIR, one of standardbred racing's outstanding trotters, wins the Maple Leaf Trotting Classic at Greenwood Raceway for the second consecutive year.

